

## Message Text

CONFIDENTIAL

PAGE 01 TEGUCI 00132 121453Z

43

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 AGR-05 TRSE-00 A-01 OPR-02 SY-05

DODE-00 PM-04 H-02 L-03 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 ARAE-00 AID-05 IGA-02 PC-01 OMB-01

ACDA-05 XMB-02 OPIC-03 /101 W  
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P R 092155Z JAN 76

FM AMEMBASSY TEGUCIGALPA  
TO SECSTATE WASHDC PRIORITY 2127  
INFO AMEMBASSY GUATEMALA  
AMEMBASSY MANAGUA  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
USCINCSO

C O N F I D E N T I A L TEGUCIGALPA 0132

E.O. 11652: GDS

TAGS: ELAB, EIND, HO

SUBJECT TOBACCO WORKERS' STRIKE AND POTENTIAL EFFECTS ON U.S. COMPAN  
Y

BEGIN SUMMARY: INDUSTRIAL TOBACCO WORKERS' UNION (SITRAITAD)  
STRUCK AGAINST ALL FIVE TOBACCO COMPANIES AT DANLI, EL  
PARAISO IN DISPUTE OVER SIGNING OF CONTRACT, HIGHER WAGES  
AND MEETING MINIMUM WAGE LAW. ONE COMPANY, PANAMENIAN  
TOBACCO COMPANY, IS 60 PERCENT U.S. OWNED AND ALREADY HAS  
CONTRACT WITH SITRAITAD. THAT COMPANY HAS APPROACHED EMBASSY  
FOR ASSISTANCE. END SUMMARY.

1.SITRAITAD, INDUSTRY-WIDE UNION IN DANLI, EL PARAISO AND  
NEARBY AREAS, STRUCK AGAINST FIVE LOCAL TOBACCO COMPANIES  
LOCATED IN THAT AREA ON JANUARY 8, 1976. DISPUTE CENTERS  
ON INABILITY TO OBTAIN CONTRACT WITH ONE COMPANY, PARAISO  
CONFIDENTIAL

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PAGE 02 TEGUCI 00132 121453Z

TOBACCO, AFTER UNION'S HAVING ATTEMPTED TO NEGOTIATE CON-

TRACT FOR LAST THREE YEARS. OWNER OF PARAISO TOBACCO INITIALLY REFUSED TO RECOGNIZE UNION. HE LATER ENTERED NEGOTIATIONS LEADING TO CONTRACT, ESTIMATED TO BE THREE-FOURTHS COMPLETE. THIS WAS FOLLOWED BY HIS DISAVOWAL OF PORTIONS OF CONTRACT ALREADY AGREED UPON. HE TWICE APPEALED TO THE SUPREME COURT ONLY TO HAVE HIS PETITION REFUSED. LABMIN INFORMED LABOFF THAT PARAISO OWNER, A CUBAN REFUGEE, ALSO REFUSING TO PAY LEGAL MINIMUM WAGE. LATEST TACTIC BEFORE STRIKE WAS FORMATION COMPANY UNION BY OWNER OF PARAISO, WHICH WAS INTENDED TO EXCLUDE SITRAITAD FROM NEGOTIATIONS ALREADY INITIATED. HE PROCEEDED TO NEGOTIATE CONTRACT WITH COMPANY UNION. THE CONTRACT AND REGISTRATION OF COMPANY UNION PRESENTED TO MINISTRY OF LABOR FOR RECOGNITION WAS DENIED. THE HONDURAN LABOR CODE PREVENTS RECOGNITION OF TWO UNIONS IN SAME FACTORY. SITRAITAD HAD BEEN PREVIOUSLY RECOGNIZED.

2. LABMIN MET PRIOR TO JANUARY 8, 1976 WITH ALL PARTIES IN AN ATTEMPT TO RESOLVE DISPUTE WITHOUT REACHING SOLUTION. MEETING INCLUDED HEAD OF NORTH COAST LABOR FEDERATION (FESITRAHN), CELIO GONZALEZ, AND VICTOR ARTILES OF THE CONFEDERATION OF HONDURAN WORKERS (CTH), BOTH OF WHOM BACKED THE STRIKE ACTION. IN MEETING WITH PARAISO OWNER MORNING OF JANUARY 8, LABMIN STATED HE HAD FINALLY CONVINCED HIM THAT THE ONLY WAY TO END STRIKE WAS TO SIGN CONTRACT WITH SITRAITAD AND MEET MINIMUM WAGE REQUIREMENTS. HOWEVER, HEAD OF PARAISO REFUSED TO NEGOTIATE UNDER PRESSURE; I.E., STRIKE. LABMIN THEN MET WITH GONZALEZ AND ARTILES, GETTING THEM TO AGREE TO URGE SITRAITAD TO SUSPEND STRIKE UNTIL MONDAY, JANUARY 12, TO ALLOW TIME FOR NEGOTIATIONS WITH PARAISO. LABMIN HAS DISPATCHED DIRECTOR GENERAL OF MINISTRY TO DANLI WITH OTHER MEMBERS OF MINISTRY TO MEDIATE DISPUTE. CONCERN IN GOH AT HIGH LEVEL GIVEN CHIEF OF STATE MELGAR'S CALL TO LABMIN WHILE LABOFF IN OFFICE TO INQUIRE AS TO SITUATION. LABMIN, REPRESENTATIVES OF PANAMERICAN TOBACCO COMPANY AND AIFLD COUNTRY DIRECTOR HAVE ALL EXPRESSED FEAR OF VIOLENCE AT DANLI.

3. COMMENT: IT IS NOT YET KNOWN WHETHER GONZALEZ AND COMPANY WILL SUCCEED IN CONVINCING SITRAITAD MEMBERSHIP TO CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEGUCI 00132 121453Z

SUSPEND STRIKE UNTIL JANUARY 12 OR IF OWNER OF PARAISO WILL NEGOTIATE IN GOOD FAITH IF STRIKE IS SUSPENDED. IF STRIKE IS SUSPENDED AND PARAISO MANAGEMENT FAILS TO NEGOTIATE IN GOOD FAITH, THE POSSIBILITY OF VIOLENCE WILL ESCALATE. POSSIBILITY OF AT LEAST SOME OTHER LABOR UNIONS JOINING STRIKE, PARTICULARLY THOSE UNDER DEMOCRATIC LEADERSHIP, CLEARLY EXISTS. FAILURE TO CONVINCE SITRAITAD TO ACCEPT MINLAB PROPOSAL WILL LIKELY NOT DIMINISH FESITRAHN AND CTH

SUPPORT, GIVEN THOSE TWO ORGANIZATIONS" DISTRUST OF CURRENT LABMIN. END COMMENT.

4. MESSRS. GENEROSOS EIROA, VICE PRESIDENT AND GENERAL MANAGER OF PANAMERICAN TOBACCO COMPANY, INC., AND OSCAR MELARA, THE FIRM'S ATTORNEY, CALLED ON EMBOFF THE MORNING OF JANUARY 8 TO INFORM EMBASSY OF BUSINESS/LABOR DISPUTE AFFECTING FIRM. (FIRM PRODUCES BINDER, FILLER, AND WRAPPER TOBACCO FOR EXPORT FROM 300 ACRE PLANTATION LOCATED NEAR DANLI. MR. EIROA, BROTHER OF THE OWNER OF PARAISO, ESTIMATED VALUE OF FIRM'S INVESTMENT AT \$500,000. SIXTY PERCENT OF FIRM IS OWNED BY AMCITS RESIDENT IN FLORIDA. BALANCE IS OWNED BY HONDURAN NATIONALS. FIRM EMPLOYS APPROXIMATELY 500 PERSONS, 300 ON PLANTATION AND 200 IN TOBACCO-SORTING OPERATIONS IN DANLI.)

5. MESSRS. EIROA AND MELARA CLAIMED THAT FIRM'S OPERATIONS HALTED ON JANUARY 8 AS A RESULT OF STRIKE CALLED BY SITRAITAD. THEY CLAIM STRIKE IS AIMED AT ONLY ONE (PARAISO TOBACCOS) OF FIVE TOBACCO FIRMS OPERATING IN DANLI (SUBSTANTIATED BY MINLAB). THEY CLAIM THAT DISPUTE BETWEEN SITRAITAD AND PARAISO STEMS FROM COMPANY'S ATTEMPT TO FORM A COMPANY UNION. (COMMENT: WHILE BEING PART OF MOTIVATION FOR STRIKE, IT IS ONLY LATEST IN SERIES OF INCIDENTS. MINLAB CREDITS PANAMERICAN WITH EXCELLENT LABOR RELATIONS. END COMMENT) THEY CLAIM SITRAITAD HAS STRUCK ALL FIVE COMPANIES IN AN EFFORT TO MAXIMIZE BARGAINING POSITION WITH PARAISO AND TO MONOPOLIZE UNION ACTIVITY IN INDUSTRY. HOWEVER, MINLAB STATES PARALLEL UNION IN SAME PLANT ILLEGAL.

6. EIROA BELIEVES FIRM'S TOBACCO CROP, WHICH HE CLAIMS HAS \$600,000 MARKET VALUE, WILL BE LOST IF WORKERS DO NOT RETURN TO FIELD SOON TO CARRY OUT IRRIGATION AND FUMIGATION  
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PAGE 04 TEGUCI 00132 121453Z

ACTIVITIES.

7. MELARA AND REPRESENTATIVES OF UNIONS INVOLVED MET WITH MINLAB FOR THREE HOURS ON JANUARY 7 TO RESOLVE MATTER. MELARA ALLEGES MINLAB AGREED OFF-THE-RECORD THAT STRIKE AGAINST PANAMERICAN IS ILLEGAL BUT REFUSED TO MAKE A PUBLIC DECLARATION FOR FEAR OF INCURRING THE WRATH OF NATIONAL UNIONS. (ACCORDING TO LABOR LAWYERS, STRIKE IS IN-DEED ILLEGAL.) EIROA AND MELARA PLANNED TO MEET WITH MEMBERS OF GROUP SENT BY MINLAB TO DANLI TO MEDIATE DISPUTE TO FIND SOLUTION.

8. MR. JAMES CORRAL, ONE OF THE AMCIT SHAREHOLDERS OF PAN-AMERICAN, TELEPHONED EMBASSY JANUARY 8 TO EXPRESS CONCERN ABOUT SITUATION. CORRAL SAID HE HAD CONTACTED REPRESENTATIVE

SAM GIBBONS AND HAD BEEN ADVISED TO CONTACT AMBASSADOR  
SANCHEZ. IN ABSENCE OF THE AMBASSADOR, EMBOFF INFORMED  
CORRAL THAT, WHILE EMBASSY CONCERNED AND WOULD FOLLOW DEVEL-  
OPMENTS, MATTER SEEMED ONE TO BE DECIDED BY GOH/COURTS.  
CORRAL ADVISED TO SEEK LEGAL REPRESENTATION.  
SANCHEZ

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## Message Attributes

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